

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2655 – SB 2639

May 24, 2010

SUMMARY OF AMENDMENTS (016880, 018843): Deletes all language after the enacting clause and creates the Tennessee Medication Therapy Monitoring and Management Act to authorize a prescriber to determine that a drug interchange is acceptable by a pharmacist provided that the prescriber is notified of the interchange. The prescriber must write “notify of interchange” or “NOI” on all written or faxed prescriptions or entered in the comments section of any electronic prescription order and is in force only during the time period that the prescription order is valid. Notification may be made verbally, by fax, or electronically. Requires notification to the patient or the patient’s representative at the time of dispensing and notification to the prescriber no later than the prescriber’s next business day. The provisions of the bill do not apply to prescriptions written for inpatients or outpatients of a hospital where the authorized provider writes the order into the hospital medical record or residents of a nursing home, assisted care living facility, mental health hospital or residential facility, or any individual incarcerated in a local, state, or federal correctional facility.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$4,878,400/General Fund
Not Significant/Board of Pharmacy

Increase Federal Expenditures - \$9,377,600

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures – \$1,351,500 /General Fund
Not Significant/Board of Pharmacy

Increase Federal Expenditures – \$2,598,000

Assumptions applied to amendments:

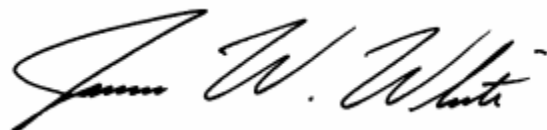
- According to the Bureau of TennCare, there has been a 29.4 percent increase in the use of anti-convulsant brands in the multi-source brand class since the current notification requirement prior to interchanging an anti-epileptic drug went into effect.
- The number of multi-source prescriptions filled in calendar year 2009 was 110,566. Approximately 90 percent, or 99,509 (110,566 x 90%), are non anti-convulsant brands.

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- The Bureau of TennCare estimates a similar increase in the remaining 99,509 drugs will not be automatically substituted as a generic version of a brand version resulting in an increase in brand drugs of 29,256 (99,509 x 29.4%).
- According to TennCare, the average brand drug cost is approximately \$135 more than the average cost of a generic drug. The increase in expenditures for brand drugs not being interchanged for generic versions is estimated to exceed \$3,949,560 (29,256 x \$135).
- Of the \$3,949,560, \$1,351,539 will be state funds at a 34.22 percent rate and \$2,598,021 will be federal funds at a 65.78 percent match rate.
- The Board of Pharmacy will be responsible for disciplinary actions against any pharmacist who violates the provisions of the bill. Any increase in expenditures will not be significant and can be accommodated within the existing resources of the Board.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all health-related boards are required to be self-supporting over a two-year period. As of June 30, 2009, the Board had a balance of \$202,007.50.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml